



THE CITY OF SAN DIEGO
MANAGER'S REPORT

DATE ISSUED: November 24, 2004 REPORT NO. 04-253

ATTENTION: Honorable Mayor and City Council
Docket of November 29, 2004

SUBJECT: Ballpark Infrastructure Close-Out Actions

SUMMARY

Issues – 1. Should the City Council approve change order #3 to the agreement between the City of San Diego and Sverdrup Civil, Inc. in the amount of \$525,000, for final design and construction support of the at-grade vehicular railroad crossing at Park Blvd. and Harbor Drive? 2. Should the City Council approve the transfer of the responsibility and the remaining funding of \$2,641,374 to the Redevelopment Agency for the Park Blvd. and Harbor Drive railroad crossing future construction work? 3. Should the City Council authorize the City Manager, upon completion of the design and construction support work by Sverdrup, to transfer any unused contract funding to the Redevelopment Agency for use on the at-grade vehicular railroad crossing construction work? 4. Should the City Council authorize the City Manager, if deemed necessary for purposes of construction support, to execute an agreement assigning the remainder of the Sverdrup contract to the Redevelopment Agency? 5. Should the City Council approve the reimbursement of \$769,545 to the San Diego Padres for Ballpark Infrastructure work performed by the Padres on behalf of the City?

Manager's Recommendation – 1. Approve change order #3 to the agreement between the City of San Diego and Sverdrup Civil, Inc. in the amount of \$525,000, for final design of the at-grade vehicular railroad crossing and construction support at Park Blvd. and Harbor Drive. 2. Approve the transfer of the responsibility and the remaining funding of \$2,641,374 to the Redevelopment Agency for the Park Blvd. and Harbor Drive railroad crossing future construction work. 3. Authorize the City Manager, upon completion of the design and construction support work by Sverdrup, to transfer any unused contract funding to

the Redevelopment Agency for use on the at-grade vehicular railroad crossing construction work. 4. Authorize the City Manager, if deemed necessary for purposes of construction support, to execute an agreement assigning the remainder of the Sverdrup contract to the Redevelopment Agency. 5. Approve the reimbursement of \$769,545 to the San Diego Padres for Ballpark Infrastructure work performed by the Padres on behalf of the City.

Other Recommendations – None

Fiscal Impact – Funding for these actions, which totals \$3,935,919, is available within the original infrastructure budget of \$51,288,900 included within the voter approved Memorandum of Understanding (MOU). The attached spreadsheet reflects the utilization of the infrastructure portion of the ballpark project budget. The infrastructure project has been funded via several sources including City cash and bond funds, within the limits approved by the voters, Port funding, subject to the final transfer of Tailgate Park, Redevelopment Agency, and the Padres funding contribution.

BACKGROUND

Within the Ballpark and Redevelopment Project, the City has the responsibility for the planning and construction of infrastructure improvements. Generally, the infrastructure responsibilities included demolition, utilities relocation, storm drain redesign and construction, streetscape and landscape improvements, construction of surface parking lots, and road improvements and realignments, which included a new at-grade vehicular railroad crossing at Park Boulevard and Harbor Drive. In December 1999, the City Council authorized the City Manager to execute a phase-funded agreement with Sverdrup Civil, Inc., for design and construction management services for the infrastructure improvements portion of the Ballpark and Redevelopment Project.

Sverdrup began the infrastructure work in early 2000. As a result of external situations out of the City's control that caused delays in the project, changes were made to Sverdrup's scope of work shortly thereafter. Specifically, the PUC's lengthy review of the at-grade vehicular railroad crossing design and the 16-month delay of ballpark construction resulting from outstanding litigation caused staff to re-think the way the work was being performed. In an effort to reduce construction management costs, and manage the project more efficiently and effectively, a decision was made by the City Manager to re-assign two areas of infrastructure responsibility. The at-grade vehicular railroad crossing work and facility periphery work were removed from Sverdrup's scope of work, with the concurrence of the Padres and the Centre City Development Corporation (CCDC). The at-grade vehicular crossing work is now recommended to be transferred to the Redevelopment Agency. The facility periphery work was transferred to the Padres so that it could be completed concurrently with the ballpark facility construction, and the associated costs now need to be reimbursed. Addressing these issues, which are described more specifically in the body of this report, would allow the infrastructure portion of the project to be closed out.

DISCUSSION

At-Grade Vehicular Railroad Crossing

As indicated above, the infrastructure project responsibilities include the design and construction of a new at-grade vehicular railroad crossing at the intersection of Park Boulevard and Harbor Drive. Because the Public Utilities Commission (PUC) retains final approval authority over the railroad crossing changes, the City, and consultants with expertise in this area, coordinated the vehicular railroad crossing design with the PUC. PUC staff presented several challenges to the proposed design. This occurred during the time that Sverdrup's Guaranteed Maximum Price (GMP) was being established. Given the uncertainty associated with the railroad crossing aspect of the project, Sverdrup excluded the railroad crossing work from the GMP and deferred it until final design parameters were determined in conjunction with the PUC.

In December 2003, the PUC approved the City's application for re-designing the Park Boulevard and Harbor Drive intersection with final design parameters. The PUC approval included the requirement that a new pedestrian bridge providing above-grade access across Harbor Drive from the waterfront to the ballpark district be constructed as a condition for opening the new at-grade crossing at Park Boulevard and Harbor Drive to vehicular traffic. To provide design consistency with the rest of the Centre City area, CCDC took on responsibility for the pedestrian bridge development.

By summer 2003, because of the previously described delays, the City had reduced Sverdrup's responsibilities to that of design consultant, and internally assumed the construction management responsibilities to save on overhead expenses. Due to the change in Sverdrup's role and the late date in obtaining final PUC approval of the at-grade vehicular railroad crossing, the City contacted CCDC about assuming responsibility for the vehicular railroad crossing construction as well. Given CCDC's responsibility for the pedestrian bridge and its urban design oversight role in Centre City, it was determined that it would be appropriate to transfer this scope of work to the Redevelopment Agency to be administered by CCDC. Within the infrastructure budget, \$2,641,374 is budgeted for the vehicular railroad crossing construction and that funding would be transferred with the work responsibility. Should the cost exceed the funds transferred, the Redevelopment Agency would be responsible for the overage. Should there be any excess funds remaining upon completion of the construction work, the Redevelopment Agency would return those funds to the City. CCDC staff agreed and in anticipation of this change, has already reflected the project transfer within their budget and will prepare a Board Action to reflect the assumption of the project.

To provide design continuity, it was agreed between CCDC and the City that Sverdrup, as the original designers of the other infrastructure project elements, would remain under contract to design the at-grade vehicular crossing within the parameters as re-defined by the PUC. Since this work is not currently included within the Sverdrup agreement, the scope needs to be increased to reflect the at-grade vehicular railroad crossing design

work. Change order #3 (Attachment 2), in the amount of \$525,000 bringing the total ballpark portion of the Sverdrup agreement to \$20,314,919, has been prepared to increase Sverdrup's contract to include the crossing design as well as construction support. When the construction responsibilities are assumed by CCDC, Sverdrup will need to be available to respond to questions and assist in the transition from the design phase to construction. The construction support component of the scope of work provides for that assistance. During the construction phase, the construction support portion of the Sverdrup contract may continue to be managed by City staff in cooperation with CCDC's project manager. However, it may be deemed more appropriate and expedient to transfer the remainder of the Sverdrup contract to the Redevelopment Agency to be administered by CCDC. To be prepared in either case, it is recommended that the City Manager be authorized, if deemed necessary for purposes of construction support, to execute an agreement assigning the remainder of the Sverdrup contract to the Redevelopment Agency.

The infrastructure budget currently includes funding of approximately \$3,166,000 (\$2,641,374 for construction, \$525,000 for design) for the at-grade vehicular railroad crossing. A portion of the original \$3.5 million budget was spent on PUC consulting work. It is recommended that the transfer of responsibility for constructing the at-grade crossing be transferred to the Redevelopment Agency, to be managed by CCDC, along with the funding of \$2,641,374 to be used only for this purpose. It is also recommended the change order to provide for Sverdrup's design and construction support of the railroad crossing be approved and the agreement increased by the remaining \$525,000 of budgeted funding. Should any of this funding remain following conclusion of Sverdrup's work, it is further recommended that those funds be transferred to the Redevelopment Agency to assist in funding the at-grade vehicular railroad crossing construction. The funds are available within the ballpark infrastructure budget of \$51,288,900 and do not cause the ballpark project total cost to change.

Reimbursement to Padres

As just described, the Ballpark and Redevelopment Project involved cooperative work among all the parties to achieve the best result possible. As the City and CCDC have worked together to address the at-grade vehicular railroad crossing, the City and Padres have worked together to address other areas of the infrastructure project. There have been occasions where the City has had change orders to accommodate the needs of the Padres and vice versa, for the good of the project as a whole. These change orders include credits for street improvements and utility work, and miscellaneous additional ballpark periphery improvements, additional temporary sidewalks and sidewalk improvements for opening day. The net cost of these change orders, some of which were credits for work the City undertook on behalf of the Padres, is approximately \$19,000. In addition, as was always contemplated, it is recommended the City reimburse the Padres for a portion of the ballpark area urban design and original facility periphery work, as described below.

Early in the project, master planning was undertaken by ROMA Design Group to develop the framework for the entire Ballpark and Redevelopment Project. Consultants worked with the stakeholders including the private developers, East Village Association, City, CCDC and Padres to plan the urban design for the ballpark area. The resulting plan has been utilized throughout the project. The Padres paid these expenses early on to allow the effort to get underway and it was always planned that the urban design cost would be reimbursed. Reimbursing these expenses is consistent with funding similar expenses for planning and pre-development work early in the project. As contemplated within the budget, it is recommended that a portion of the urban design expenses, approximately \$183,000, be reimbursed to the Padres.

Another area the Padres assisted with was the original facility periphery landscape and streetscape installation. During the suspension of ballpark facility construction, Sverdrup continued with the infrastructure portion of the project. As a result, Sverdrup was ready to perform the streetscape and landscape work along the ballpark periphery and P1 parking structure periphery before those facilities were built. Had Sverdrup conducted the work at that time, it would likely have been damaged by the construction activities when the ballpark and parking garage construction resumed. Having Sverdrup remain idle, under contract for that work during the suspension period awaiting completion of the ballpark, would have increased costs unnecessarily. For efficiency sake, the ballpark periphery and P1 periphery scope of work were excluded from Sverdrup's GMP proposal, and transferred to the Padres for completion at a later date. The Padres completed the landscape and streetscape work concurrent with the ballpark facility and reimbursement of the related costs, approximately \$567,500, is now needed.

The total of the recommended reimbursement to the Padres for the change orders is \$769,545, including approximately \$19,000 for miscellaneous change orders, \$183,000 for a portion of the urban design, and \$567,500 for the facility periphery work. It is recommended that the City Council approve the reimbursement. This funding is available within the ballpark infrastructure budget of \$51,288,900 and does not result in a change to the total ballpark project cost.

Summary

The actions described above will provide for closure on the infrastructure portion of the Ballpark and Redevelopment Project. It is recommended that the responsibility and funding for construction of the at-grade vehicular railroad crossing at Park Boulevard and Harbor Drive be transferred to the Redevelopment Agency, to be administered by CCDC. It is recommended that Change Order #3 to the Sverdrup Agreement in the amount of \$525,000 be approved to provide for design and construction support services regarding the at-grade crossing. Should any of that funding remain unexpended at the end of the contract, it is recommended that the remainder be transferred to the Redevelopment Agency to be put toward the future construction of the at-grade vehicular crossing. It is further recommended that the City Manager be authorized, if deemed necessary for purposes of construction support, to execute an agreement assigning the remainder of the Sverdrup contract to the Redevelopment Agency. This will take place only if in the best

interest of the City and the Redevelopment Agency as determined at a later point. And, finally, it is recommended that reimbursement of funds to the Padres for work they undertook on the City's behalf be approved. Funds are available for all of these actions within the existing voter approved ballpark infrastructure project budget approved of \$51,288,900.

Respectfully Submitted,

Bruce A. Herring
Deputy City Manager

BH/lkc

Note: Attachment 1 is available in electronic format. A complete copy for review is available in the Office of the City Clerk.

Attachments: 1. Infrastructure Budget Summary
2. Sverdrup Change Order #3